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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
18 January 1963

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Indonesia

1. The power relationships which have prevailed in Indonesia for the last five years are changing. Since 1957 President Sukarno has retained his pre-eminent position in great part by maintaining a delicate balance between the anti-Communist army and the Communist Party (PKI). During this period, the army has played a strong political role which derived from a national state of emergency and from its substantial representation in the cabinet. The Communist Party is gradually increasing its influence in the government, but still functions largely outside the official apparatus and holds no significant post at the national level.

2. The changes are at the expense of the army. The army has completed the political task assigned it by Sukarno --assisting him to implement "guided democracy"--and improved internal security reduces the need for martial law. The army's power has already been eroded as the result of maneuvers by Sukarno and the increased influence of Foreign Minister Subandrio, who, although non-Communist, is strongly opposed to the political influence of the military. A further, sharp reduction of army power is probable by 1 May when the state of emergency is scheduled to be lifted.

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The army now holds two posts in the 14-post "working" or "inner" cabinet and controls or influences 16 other positions in the 53-post plenary cabinet.

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State Dept. review completed

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3. The army's position is being further undermined by ambitious non-Communist civilians, particularly Subandrio, who, together with the Communist Party, have made the army the whipping boy for Indonesia's deteriorating economic situation. The basic causes of Indonesia's economic troubles are chronic underproduction, an export economy dependent on world market prices, and rash expenditures for a massive arms build-up. Aggravating these factors are poor internal distribution, and an appalling lack of mid-echelon officials who are trained and experienced. The army is vulnerable to criticism because of the wide powers it exercised from the national through the village levels under the state of emergency. The army also holds directorships of large government-owned import-export firms and of a variety of production enterprises. Officers untrained for economic posts have sometimes proved to be poor administrators, and some officers and men have yielded to corruption. The army is already being replaced in many of these posts by civilian, non-Communist personnel, most of them equally untrained for such jobs.

4. The Communist Party is making its strongest bid since independence to acquire positions of responsibility in the cabinet. Two Communist leaders--party chairman Aidit and deputy chairman Lukman--have ministerial status as members of the plenary cabinet, but they hold no portfolios, and the plenary cabinet meets infrequently.

5. The Communists want the posts of agriculture, labor, and social affairs.

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6. The intensity of the Communist bid for representation appears to result not only from the fact the party feels its chances are better than they have been at any time since independence but also from a shift in power relationships within the party itself.

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7. In pressing the party's campaign, Aidit has mentioned at least three times during the past month the possible abandonment of the "peaceful road to socialism." These references appear largely calculated to play on Sukarno's preoccupation with national unity rather than to indicate the party's intentions. The PKI seems unlikely either to resort to civil war in the near future or to take action which would provoke the army into repressive measures. However, probing activities, such as demonstrations and strikes, intended to test the tolerance of Sukarno and the army, may increase.

8. The party's claim of 2,000,000 members is probably valid, and the PKI is easily the best organized and most vigorous party in Indonesia. No elections have been held since the incomplete regional elections of 1957; at that time the PKI had the largest electoral following in Java--7,000,000--and it polled another 1,000,000 votes in Sumatra. Its major strength is in East and Central Java and in the plantation and oil-producing areas of Sumatra. For several years, the PKI has been working to increase its following in the outer islands, and is believed to have had some success. Java, however, with its high population density--accounting for 65 percent of Indonesia's inhabitants, will remain the principal area of Communist activity. Sukarno's main popular base--the people of Java--coincides with that of the PKI, and neither he nor the party is likely to challenge the other openly in the near future.

9. Sukarno's precise intentions as regards the cabinet remain obscure. He has repeatedly said that he prefers a cabinet reflecting "nasakom"--a word he coined to denote the fusion of nationalist, religious, and Communist forces in Indonesia. The army and the civilian leaders who have supported the army (for example, First Minister Djuanda) have hitherto influenced Sukarno against appointing Communists to the cabinet. The influence of these anti-Communists, however, is now reduced.

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[REDACTED] Foreign Minister Subandrio told the American ambassador on 12 January that the maximum gesture Sukarno was likely to make toward the PKI "at this time" would be the inclusion of "some fellow traveler." Sukarno's decision will be based on his assessment of power realities in Indonesia and of his personal need for the respective support of the army, the PKI, and the various non-Communist civilians whose orientation toward the army varies from strong support to bitter opposition. He presumably will also weigh the impact that Communist inclusion in the cabinet might have on US economic assistance to Indonesia.

11. Sukarno may believe that a policy of territorial aggrandizement will permit him to cope successfully with domestic power problems and to divert the nation generally from its economic difficulties. Such a policy appears already to be underway under the guise of a "decolonialization" campaigns aimed at Portuguese Timor and opposition to colonialism and "neocolonialism" in British Borneo. By this means, Sukarno may feel that he can channel the energies and interests of the army and the PKI in the same direction, maintain their support of him personally, and preserve national unity.

12. Although Indonesia has repeatedly disclaimed territorial ambitions, Indonesian officials constantly reiterate, that Indonesia endorses and supports the struggle of the northern Borneo people, that the northern Borneo struggle for freedom is "the voice of the Indonesian people," that Indonesia is surrounded by colonialism and neocolonialism, and the Portuguese colonialism has turned into enslavement. In fact, Djakarta appears committed to a policy of frustrating the establishment of the Federation of Malaysia. Its objective presumably is to support the establishment of an independent state or states in the area which eventually would elect to join Indonesia.

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Both Foreign Minister Subandrio and Defense Minister Nasution have told the American ambassador that Indonesia would extend political support to an independence movement in British Borneo. They have stated that if members of such a movement requested military training, Indonesia would provide it.

15. Indonesia's claim to West New Guinea, as a former part of Netherlands East Indies, was settled by the Netherlands-Indonesian agreement of last August. Indonesia failed to win its objective, however, of acquiring responsibility for the administration of West New Guinea by the end of 1962. Although the temporary United Nations administration is scheduled to end on 1 May, Sukarno continues his efforts to reduce this period. His moves are likely to include appeals to the UN by selected Papuans in New Guinea for

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immediate annexation by Indonesia

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These maneuvers are also intended to demonstrate that the plebiscite stipulated in the Indonesian-Netherlands agreement to determine the Papuan attitude toward union with Indonesia will be unnecessary.

16. The Soviet Union supported Indonesia's claim to West New Guinea both diplomatically and by supplying a massive arms build-up which was a major factor in pressuring the Netherlands, the United States, and the United Nations to arrange a peaceful settlement largely on Indonesia's terms. Months prior to the West New Guinea settlement Moscow began broadcasts to Indonesia deploring the proposed Federation of Malaysia as a "British neocolonialist and feudal Malayan plot," which would be detrimental to the peoples of Southeast Asia. After the settlement, the volume of Soviet propaganda to Indonesia increased and since the Brunei revolt there has been considerable material applauding Indonesian support of the "North Borneo struggle".

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18. Soviet arms deliveries to Indonesia increased steadily during the first half of 1962, and reached a peak last summer just before the West New Guinea settlement.

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19. Since then Soviet arms deliveries have slowed markedly. Late last summer, in fact, the massive shipments of materiel to Cuba virtually brought deliveries to Indonesia to a standstill. Since autumn, periodic deliveries of arms, including SAM equipment, land armaments, and particularly naval units, have resumed.

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20. Soviet-Indonesian military aid relations are currently in flux.

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